GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2492
ANSWERED ON:10.03.2000
INTEREST RATE ON BANK LOANS
SADASHIVRAO DADOBA MANDLIK

Will the Minister of FINANCE be pleased to state:

(a) whether even after lowering of rate of interest on loans by the RBI, the Nationalized banks aregiving loan on higher rate of interest; and

(b) if so, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): Banks decide their Prime Lending Rates (PLRs)in the light of factors such as cost of funds, transaction costs and also interest rates prevailing in other sectors etc. The Reserve Bank of India have last reduced the bank rate from 9 per cent to 8 per cent with effect from March 1, 1999. The PLRs ofnationalized banks which were in the range of 12 to 14 per cent in March 1999 has subsequently declined to 12 to 13.5 per cent by February 2000.

(b): Does not arise in view of (a) above.